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SUBJECT: SOUTH AFRICA REAFFIRMS ITS NUCLEAR ENERGY POLICY  
TO INCREASE RELIANCE ON NUCLEAR POWER

REF: A. PRETORIA 2494

[1](#)B. PRETORIA 317

[1](#)1. (SBU) SUMMARY: South Africa released a new draft nuclear energy policy on August 13 for public comment. The draft policy reaffirms SAG commitment to expanding nuclear power generation from the current 6 percent to 15 percent of electric power generation by 2025, lessening dependence on coal and taking advantage of significant uranium reserves. Targeting the long-term goal of self-sufficiency in aspects of the nuclear fuel cycle, the policy considers possible recycling of spent nuclear fuel and rebuilding South Africa's enrichment capacity. The SAG stressed that enrichment would solely be for peaceful purposes, with the aim of producing nuclear fuel for South Africa's own reactors and for the international market. Westinghouse views the policy as a positive step for its pursuit of contracts for constructing new nuclear power plants in South Africa (Ref B). South Africa could be a partner in providing comprehensive fuel services to other partner countries. This might help limit the spread of nuclear enrichment capabilities to other countries. END SUMMARY.

[1](#)2. (SBU) South Africa Department of Minerals and Energy (DME) Director General Sandile Nogzina and Chief Director: Nuclear Tseliso Maqubela announced the release for public comment of the SAG's new draft policy on nuclear energy on August 13, 2007. According to the draft document, the policy aims to expand nuclear power generation within South Africa's electricity mix (from the current 6 percent to 15 percent of power generation by 2025), to diversify dependence on coal, to address climate change concerns, to take advantage of the country's significant uranium deposits, and to create jobs. In addition, the policy considers possible recycling of spent nuclear fuel and rebuilding South Africa's uranium enrichment capacity, originally developed for nuclear weapons, but voluntarily dismantled before 1994. The SAG stressed that enrichment would be for peaceful purposes, with the aim of producing nuclear fuel for South Africa's own nuclear reactors and for the international market. State electricity company ESKOM would be tasked to put in place additional conventional nuclear power stations and to bring to fruition experimental pebble bed reactors. The announced policy builds on President Thabo Mbeki's expression in the February

State of the Nation address of commitment to increase South Africa's reliance on nuclear and renewable energy sources. Building on previous law and white papers, the SAG unveiled the draft nuclear energy policy for 60-day public comment with the aim of finalizing the policy by the end of the year. A full copy of the draft was e-mailed to AF/S on August 28.

13. (SBU) Westinghouse, which is competing for new nuclear power plant construction in South Africa, found the draft nuclear energy policy paper a positive step. The company intends to submit brief positive comments during the 60-day comment period. The local Westinghouse General Manager Rita Bowser highlighted the following points to Energy Officer in a meeting on August 22:

- The policy assigns the building of new reactors (new build) to state electricity company ESKOM and assigns uranium management and value-chain issues to the Nuclear Energy Corporation of South Africa (NECSA), separating the new build aspect of reactors from the more controversial and political aspects of fuel enrichment and production. The Pressurized Water Reactor (PWR) procurement does not contain requirements for enrichment or reprocessing. Therefore, Westinghouse would not be required to participate in enrichment or reprocessing.

- The policy specifies PWR technology for new build, consistent with Westinghouse's expectations.

- The policy addresses the full gamut of "cradle-to-grave" production, from ore production to spent fuel disposal, including exercising better control over uranium ore for export purposes to increase benefits to the domestic economy.

- The SAG aims to guide actions to develop, promote, and sustain the nuclear sector in South Africa. The SAG commits

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to providing adequate funding to implement its new policy.

Westinghouse perceives itself as well positioned for gaining the nuclear plant construction opportunity given its competence and commitment in price, technology transfer, nuclear safety, the modular size of its reactor, and localization (i.e., working closely with local suppliers and engineering services to fill existing gaps in South Africa's nuclear service sector). Its probable comments to the SAG may highlight localization, thus playing to its strength.

14. (SBU) DME Chief Director: Nuclear Tselio Maqubela told the Embassy energy team on August 27 that the new policy was comprehensive and serious. Recognizing that enrichment was inherently political, he noted that bidding companies should focus on supplying reactors and fuel. Elsewhere, in multiple conversations with Energy Officer, industry observers have noted that much of the policy was not new, and was a repackaging of existing policy.

15. (SBU) COMMENT: The SAG's newly launched policy paper represents a significant step forward for South Africa's commitment to increasing its reliance on nuclear power. The prospect of vigorous competition with French AREVA means that the USG must present itself as a reliable nuclear energy partner if Westinghouse is to be awarded the contract. Mission reiterates Ref A recommendation that Energy Secretary Bodman consider signing the proposed U.S.-S.A. Nuclear R&D Cooperation Agreement to demonstrate high level USG support for this contract. In addition, South Africa could be a partner in providing comprehensive fuel services to other partner countries. This might help limit the spread of nuclear enrichment capabilities to other countries. Teitelbaum